

April 15, 2019

Ms. Jeri Rangel, Director of Administrative Services
City of Atascadero
6900 Palma Avenue
Atascadero, CA 93422

Dear Ms. Rangel:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Atascadero Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 6 through 8 – City Loan 1 entered into in 1998, City Loan 2 entered into in 2001, and City Loan 3 entered into in 2002, in the total outstanding amount of \$2,260,171 (\$255,037 + \$821,776 + \$1,183,358), are not allowed. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's Oversight Board (OB) approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on March 8, 2013. However, OB Resolution No. 2018-002, approving an Agreement Regarding Reinstatement of City Loans made to the former RDA as enforceable obligations and finding the loan was for legitimate redevelopment purposes, was denied in our letter dated September 14, 2018. Based on our review, none of the loans contained a repayment schedule, as required by HSC section 34191.4 (b)(2)(A). Additionally, the agreement for Item No. 6 stated the agreement shall be in effect for a period of one year unless extended or amended, and the Agency was unable to provide documentation to demonstrate the agreement was still effective. Therefore, the requested amount of \$180,000 (\$20,312 + \$65,446 + \$94,242) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF).

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$9,129 from Reserve Balances available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified on the following page:

Item No.	Item Name/Project Name	Total Funding Authorized	RPTTF Approved	Reserve Balances Approved
1	2010 Reimbursement/Bond Financing Agreement with City of Atascadero	\$971,538	\$865,387	\$106,151*

* The total Reserve Balances approved equals \$97,022 originally requested plus \$9,129 found to be available as a result of Finance's review of the Agency's cash balances.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,648,535 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

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Please direct inquiries to Joshua Mortimer, Supervisor, or Erika Santiago, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Rachelle Rickard, City Manager, City of Atascadero
Ms. Aaronne Kessler, Property Tax Manager, San Luis Obispo County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 826,839	\$ 1,073,440	\$ 1,900,279
Administrative RPTTF Requested	15,840	15,840	31,680
Total RPTTF Requested	842,679	1,089,280	1,931,959
RPTTF Requested	826,839	1,073,440	1,900,279
<u>Adjustments</u>			
Item No. 1	(9,129)	0	(9,129)
Item No. 6	(10,156)	(10,156)	(20,312)
Item No. 7	(32,723)	(32,723)	(65,446)
Item No. 8	(47,121)	(47,121)	(94,242)
	(99,129)	(90,000)	(189,129)
RPTTF Authorized	727,710	983,440	1,711,150
Administrative RPTTF Authorized	15,840	15,840	31,680
Total RPTTF Authorized for Obligations	743,550	999,280	1,742,830
Prior Period Adjustment	(94,295)	0	(94,295)
Total RPTTF Approved for Distribution	\$ 649,255	\$ 999,280	\$ 1,648,535